

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 AGRE-00 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 SIL-01 /127 W
-----102200 081647Z /42

R 071930Z JUN 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 7116
INFO ALL EC CAPITALS
USMISSION GENEVA

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USEEC

GENEVA FOR USDEL MTN

E.O. 11652: N/A
TAGS: ETRD, EEC
SUBJECT: EC COMMISSION PROPOSAL FOR COMMON IMPORT SCHEME

REF: (A) 76 EC BRUSSELS 2354; (B) MTN DEL GENEVA A-133
OF MAY 26, 1976; (C) HARTZELL-MCCARTHY TELECON

1. RESPONSIBLE COMMISSION OFFICIAL (BESELER OF DG-I)
INDICATES THAT COMMISSION AND MEMBER STATES CONTINUE
TO MOVE FORWARD ON 1976 COMMISSION PROPOSAL TO STANDARD-
IZE AND SIMPLIFY EC COMMON IMPORT REGULATIONS. ALTHOUGH
DISCUSSION HAS CONTINUED ON A REGULAR BASIS OVER PAST
TWO YEARS, BASIC POSITIONS AND TRADE-OFFS DESCRIBED IN
REFERENCES HAVE NOT ALTERED SIGNIFICANTLY. CURRENT COM-
MISSION THINKING IS THAT A MINIMUM OF SEVERAL MONTHS.
WORK REMAINS BEFORE PROPOSAL CAN GO TO EC COUNCIL.
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2. AS NOTED IN REFERENCES, MOST PRODUCTS IMPORTED INTO
THE EC APPEAR ON THE "LIBERALIZED" LIST ANNEXED TO
REGULATION NUMBER 1439/74 (PUBLISHED IN THE OFFICIAL
JOURNAL, VOLUME 17, NUMBER L 159). PRODUCTS ON THIS
LIST INCLUDE OVER 900 FULL HEADINGS AND 60 PARTIAL
HEADINGS OUT OF A TOTAL OF AROUND 1100 HEADINGS IN THE

COMMON EXTERNAL TARIFF. NO QUANTITATIVE RESTRICTIONS MAY BE IMPOSED BY MEMBER STATES ON ANY OF THESE PRODUCTS, EVEN TEMPORARILY; SURVEILLANCE PROCEDURES MAY BE INTRODUCED, WITH GENERAL EC CONSENT, IF NECESSARY. FOR THE REMAINING 100-ODD TARIFF HEADINGS, NO SINGLE REGULATION EXISTS. SOME OF THESE PRODUCTS, MANY OF WHICH ARE TEXTILES, ARE SUBJECT TO QUANTITATIVE RESTRICTIONS BY ONE OR MORE MEMBER STATES. SOME OF THEM, ACCORDING TO THE COMMISSION, ARE NOT CURRENTLY SUBJECT TO QUANTITATIVE RESTRICTIONS BUT THEORETICALLY COULD BE.

3. THE GENERAL OBJECTIVE OF THE EXERCISE UNDERWAY SINCE 1976 HAS BEEN TO INCORPORATE INTO ONE REGULATION THE FULL LIBERALIZED LIST AS WELL AS LISTS OF NON-LIBERALIZED PRODUCTS WITH A PRECISE INDICATION OF WHICH MEMBER STATES MAINTAIN QUANTITATIVE RESTRICTIONS ON EACH NON-LIBERALIZED PRODUCT. ALONG THE WAY, ACCORDING TO BESELER, A RELATIVELY LARGE NUMBER OF PRODUCTS WOULD BE IDENTIFIED FOR WHICH THERE ARE CURRENTLY NO QUANTITATIVE RESTRICTIONS IN EFFECT OR FOR WHICH QRS MAY NO LONGER BE NECESSARY. THESE PRODUCTS WOULD THEN BE ADDED TO THE LIBERALIZED LIST.

4. ONE COMMISSION CONCESSION TO THE MEMBER STATES WOULD BE TO RESTORE TO THEM THE RIGHT TO INITIATE EMERGENCY SAFEGUARD MEASURES, A RIGHT WHICH LAPSED TECHNICALLY IN LIMITED OFFICIAL USE

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DECEMBER, 1975, BUT WHICH SEVERAL MEMBER STATES INSIST THEY MUST RETAIN AND WHICH, IN FACT, THE FRENCH INVOKED, DESPITE A MURKY LEGAL SITUATION, IN JUNE 1977 IN INTRODUCING EMERGENCY MEASURES ON CERTAIN TEXTILE IMPORTS (77 EC BRUSSELS 6477). AS PRESENTLY AGREED IN INTERNAL DISCUSSIONS, A MEMBER STATE COULD INITIATE A SAFEGUARD ACTION IN AN EMERGENCY SITUATION. IT WOULD THEN NEED TO INFORM THE COMMISSION OF ITS ACTION. THEREUPON, UNLESS SPECIFIC COUNCIL APPROVAL FOR THE SAFEGUARD ACTION WERE GRANTED WITHIN FOUR WEEKS OF ITS INTRODUCTION BY THE MEMBER STATE, IT WOULD LAPSE. BESELER DESCRIBED THIS APPROACH AS A SIMPLIFICATION OF ARTICLE 14 OF REGULATION 1439/74 AS WELL AS A GREATER LIMITATION ON MEMBER STATE POSSIBILITIES TO ACT INASMUCH AS MEASURES WOULD LAPSE UNLESS SPECIFICALLY UPHELD IN THE COUNCIL.

5. RIGHT NOW, THERE IS NEAR AGREEMENT ON THE BASIC TEXT OF THE NEW REGULATION. WHAT NEEDS TO BE DONE NEXT IS TO PREPARE ITS ANNEXES AFTER A COMPLICATED EXAMINATION AND CODIFICATION OF MEMBER STATE QRS ON EACH OF THE VARIOUS ITEMS (INCLUDING UNDER EC BILATERAL RESTRAINT AGREEMENTS ON TEXTILES). BECAUSE OF MANPOWER

SHORTAGES AND HIGHER PRIORITIES, BESELER WAS RELUCTANT TO PREDICT WHEN A PROPOSAL WOULD GO TO THE COUNCIL. HE THOUGHT IT UNLIKELY THAT EARLIER HOPES TO FINISH BEFORE THE SUMMER BREAK WOULD BE REALIZED.

6. IN BESELER'S VIEW, THE MEASURE UNDER CONSIDERATION HAS NO INTERNATIONAL IMPLICATIONS. IT IS STRICTLY AN INTERNAL EXERCISE DESIGNED TO CAST GREATER LIGHT ON EXISTING IMPORT CONTROLS AND, WHERE POSSIBLE, TO EXPAND THE LIBERALIZED LIST. SAFEGUARD MEASURES WOULD CONTINUE TO BE NOTIFIED AND DEFENDED IN THE GATT BY THE EC AS A WHOLE AND NOT THE MEMBER STATES. HINTON

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